

Buy Indiana Policy; Executive Order 05-05

Executive Order 05-05 establishes a goal that state agencies will procure 90 cents of each dollar from Indiana businesses. In addition, it instructs the Indiana Department of Administration (IDOA) to develop policy and procedures around the Buy Indiana preference. The following is the policy developed in support of the Executive Order. The effective date of this policy is July 1st 2005

Defining an Indiana Business:

The Executive Order designates an entity as being an Indiana business that meets any one of the five conditions as set out in I.C. 5-22-15-20.5 as follows:

"Indiana business"; criteria; price preferences; awarding of contracts; exception; expiration

Sec. 20.5. (a) This section applies only to a contract awarded by a state agency.

(b) As used in this section, "Indiana business" refers to any of the following:

- (1) A business whose principal place of business is located in Indiana.
- (2) A business that pays a majority of its payroll (in dollar volume) to residents of Indiana.
- (3) A business that employs Indiana residents as a majority of its employees.
- (4) A business that makes significant capital investments in Indiana.
- (5) A business that has a substantial positive economic impact on Indiana as defined by criteria developed under subsection (c).

(c) The Indiana department of administration shall consult with the department of commerce in developing criteria for determining whether a business is an Indiana business under subsection (a). The Indiana department of administration may consult with the department of commerce to determine whether a particular business meets the requirements of this section and the criteria developed under this subsection.

The following is the policy concerning items 4 & 5 described above:

Substantial Capital Investment:

Any company that can demonstrate a minimum capital investment of \$5 million or more in plant and/or equipment or annual lease payments of \$2.5 million or more shall qualify as an Indiana business under category #4. If an out of state company does not meet one of these criteria, it can submit documentation/justification to the State for review for inclusion under this category.

Substantial Indiana Economic Impact:

Any company that is in the top 500 companies (adjusted) for one of the following categories: number of employees (DWD), unemployment taxes (DWD), payroll withholding taxes (DOR), or Corporate Income Taxes (DOR); it shall qualify as an Indiana business under category #5. If an out of state company does not meet one of these criteria, it can submit documentation/justification to the State for review for inclusion under this category.

The State currently acquires goods and services through a competitive procurement process. The request for these goods and services are acquired by one of the following methods: Request for Quotes (RFQ), which are obtained in writing or verbally depending on the cost; Request for Proposals (RFP); or Bid. The award is communicated via a Purchase Order or Contract.

Bids:

I.C. 5-22-15-20.5 describes the process for applying the Buy Indiana preference as follows:

(d) There are the following price preferences for supplies purchased from an Indiana business:

(1) Five percent (5%) for a purchase expected by the state agency to be less than five hundred thousand dollars (\$500,000).

(2) Three percent (3%) for a purchase expected by the state agency to be at least five hundred thousand dollars (\$500,000) but less than one million dollars (\$1,000,000).

(3) One percent (1%) for a purchase expected by the state agency to be at least one million dollars (\$1,000,000).

(e) Notwithstanding subsection (d), a state agency shall award a contract to the lowest responsive and responsible offeror, regardless of the preference provided in this section, if:

(1) the offeror is an Indiana business; or

(2) the offeror is a business from a state bordering Indiana and the business's home state does not provide a preference to the home state's businesses more favorable than is provided by Indiana law to Indiana businesses.

(f) A business that wants to claim a preference provided under this section must do all of the following:

(1) State in the business's bid that the business claims the preference provided by this section.

(2) Provide the following information to the department:

(A) The location of the business's principal place of business. If the business claims the preference as an Indiana business described in subsection (b)(1), a statement explaining the reasons the business considers the location named as the business's principal place of business.

(B) The amount of the business's total payroll and the amount of the business's payroll paid to Indiana residents.

(C) The number of the business's employees and the number of the business's employees who are Indiana residents.

(D) If the business claims the preference as an Indiana business described in subsection (b)(4), a description of the capital investments made in Indiana and a statement of the amount of those capital investments.

(E) If the business claims the preference as an Indiana business described in subsection (b)(5), a description of the substantial positive economic impact the business has on Indiana.

Request for Proposals:

Current Scoring Process

Adherence to Requirements	Pass/Fail*	
Management Assessment/Quality	30 pts	
Price	25 pts	
Buy Indiana	25 pts	Indiana Company -10 pts Indiana Economic Impact - 15 pts
MWBE Requirement	<u>20 pts</u>	10 pts each for Women and Minority participation
Total	<u>100 pts**</u>	

*If a company fails the Adherence to Requirements their proposal will not be scored.

**Agencies will not be allowed to make any changes to the scoring.

Professional Services:

If the services will be solicited via RFP, the requesting agency will use the process noted above. If the vendor selected is an out of state vendor, the agency will be required to include a justification signed and approved by the Agency head.

If the services will be solicited via a Request for Quote, IDOA will require the agency to use the process described in this proposal. If the vendor selected is an out of state vendor, the agency will be required to include a justification signed and approved by the Agency head.

If the services will be solicited via a sole source, and the vendor is an out of state vendor, the agency will be required to include a justification signed and approved by the Agency head.

Purchase Orders:

Goods or services procured by an agency under their streamlining authority that utilizes an out of state vendor must be reviewed and approved by the Agency head.

Goods or services procured by an agency through the Department of Administration Procurement division that utilizes an out of state vendor must include a justification letter reviewed and approved by the Agency head. These purchases are subject to review and approval by the IDOA Commissioner or his/her designee.

Reporting:

The Department of Administration will provide monthly reports to the Governor and Agency Heads outlining each agency's dollar amount and percentage of purchases and contracts procured from Indiana businesses.